



State of Arkansas NSP Implementation Training

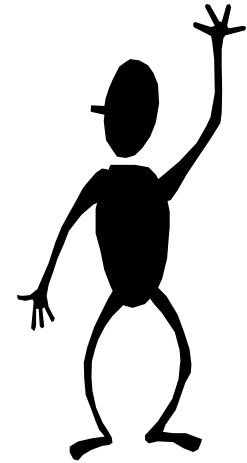
A Little About Us ...

- ❖ Held by Arkansas Development Finance Authority (ADFA)
- ❖ ADFA Staff
 - Sara Braswell, Victor Turner
- ❖ The trainers from ICF International:
 - Kelly Price & Kevin Roddy



Participant Introductions

- ❖ My agency is:
 - Local government?
 - State CDBG grantee?
 - Nonprofit?
 - Worked with CDBG?
 - Worked with HOME?
 - For profit developer?



❖ Years of experience with CDBG

<1 yr	1-5 yr	6-10 yr	10+ yr
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❖ Years of experience with HOME

<1 yr	1-5 yr	6-10 yr	10+ yr
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Agenda

- ❖ Our goal is to provide you with sufficient information to prepare an application for NSP funding
- ❖ We will review:
 - NSP basics
 - Applicable other Federal requirements
 - Key administrative requirements
 - NSP applications & schedule

Training Logistics

- ❖ Please ask questions...this is your chance!
- ❖ BUT...we may have some areas of ambiguity because HUD still deciding or changing policies/requirements
- ❖ Please turn all electronic devices to silent/vibrate only mode
- ❖ Timing of breaks & lunch
- ❖ Location of restrooms





Overview of NSP

NSP History & Goals

- ❖ Program known as Neighborhood Stabilization Program (NSP) authorized by the Housing and Economic Recovery Act of 2008 (HERA)
- ❖ The goal of the program is to stabilize neighborhoods
 - Arrest decline
 - Get foreclosed housing back into occupancy
 - Neighborhood focused – areas of greatest need
- ❖ \$3.92 billion total appropriated for NSP1
 - Arkansas received \$19.6m under HUD formula

NSP History (cont)

- ❖ NSP is a supplemental appropriation of the Community Development Block Grant (CDBG) program thus CDBG rules generally apply to NSP
- ❖ ADFA was required to set forth its program design & how it would meet key requirements in a Substantial Amendment to the Consolidated Plan Action Plan
 - Submitted to HUD 12/1/08

NSP History (cont)

- ❖ NSP specific requirements in notice published October 6, 2008
- ❖ NSP Program revised in March 2009 by American Reinvestment and Recovery Act (ARRA)
 - Changes included in Bridge Notice published June 15, 2009
 - Notice also includes some non-substantial technical corrections
 - ARRA also created NSP II (refer to the NOFA)

Roles

- ❖ Grantee = public agency recipient of NSP funds from HUD (ADFA)
- ❖ Subrecipient = public agency or nonprofit that administers program for grantee
 - Includes unit of local govt (ULG) receiving funds from state grantee
- ❖ Developer = for-profit entities OR nonprofits doing acquisition & rehab deals (ONLY)
- ❖ Beneficiary = homebuyer or tenant

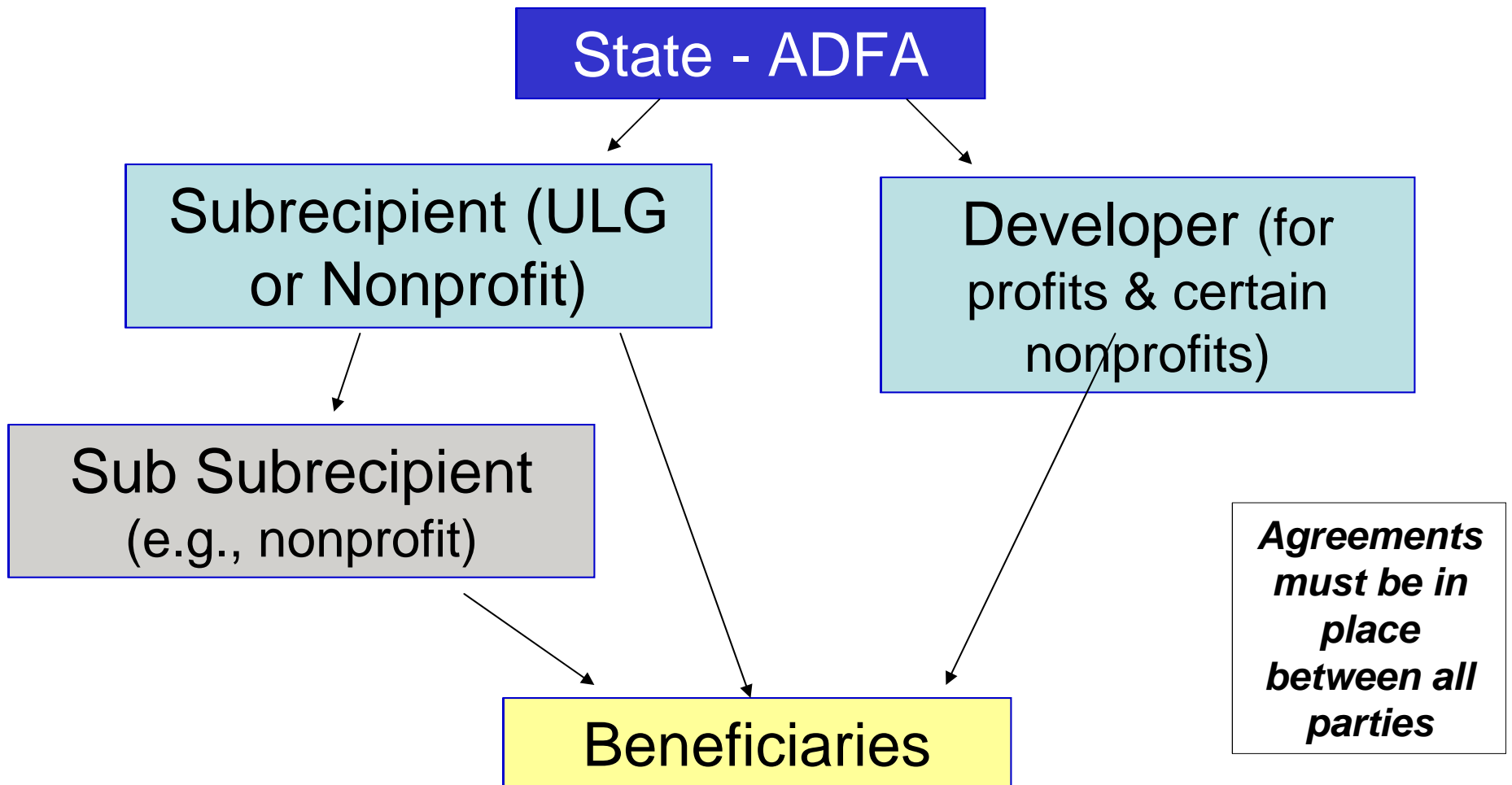
When is a Nonprofit a Subrecipient?

- ❖ Units of local government always considered subrecipients
- ❖ For nonprofits, depends upon how selected & what the entity is doing:
 - If nonprofit is competitively procured = contractor (ex. grant administrator)
 - If nonprofit is doing acquisition & rehab = developer
 - Otherwise nonprofit = subrecipient
 - Acquisition-only activities
 - Public facilities
 - Program administration
 - HUD policy pending regarding nonprofits doing new construction

When is a Nonprofit a Subrecipient? (cont)

- ❖ Why this matters:
 - Applicability of certain OMB circulars & related rules
 - 24 CFR Part 85/84
 - OMB Circular A-122
 - OMB Circular A-133
 - Tracking & return of program income
 - Type and amount of monitoring by the State
 - Administrative costs vs. developer fee

Roles & Relationships



NSP Deadlines

- ❖ Must **USE** funds within **18 months** after execution of the grant agreement by HUD
- ❖ **USE = obligate** which means sales contracts signed or written offers for properties
 - Options or other non-binding instruments not acceptable
- ❖ Must **EXPEND** within **four years**
- ❖ Must use it or lose it (otherwise funds get reallocated)

Key Definitions

- ❖ **Abandoned**: Mortgage/tax foreclosure proceedings & no payments 90 days & vacant 90 days
- ❖ **Foreclosed**: Mortgage/tax foreclosure complete, includes title transfer
 - Must be acquired out of foreclosure – NSP acquisition not authorized until Action Plan submission (12/1/08)
 - *Implication*: Cannot reimburse acquisition of foreclosed properties prior to Action Plan & cannot rehab these sites except if allowed under eligible use E

Key Definitions (cont)

- ❖ **Blighted**: Objectively determinable deterioration that is *threat to human health, public safety, public welfare*
 - Arkansas Code defines Blighted Areas (see the Action Plan Amendment)
 - Need to have proof of major code violations from local government
- ❖ **Vacant Property**: Unoccupied structures or vacant land that was once developed
- ❖ **Homes**: Permanent residential unit
- ❖ **Residential Property**: Homes plus vacant residential land and multifamily properties

NSP Uses & Activities

- ❖ HERA defines five “uses” of funds
 - Arkansas allowing 4 of the 5 uses
- ❖ Generally, uses of HERA funds must be CDBG eligible (some exceptions)
- ❖ HUD has cross referenced HERA uses to CDBG activities
- ❖ HUD permission needed if CDBG activity not on list

NSP Eligible Uses

Eligible Use	CDBG Eligible Activities
A. Financing mechanisms for purchase & redevelopment of <u>foreclosed upon homes & residential properties</u>	<ul style="list-style-type: none">❖ Activity delivery cost for an eligible activity (designing & setting it up)❖ The financing of an NSP eligible activity – such as soft second loans, loan loss reserve, equity sharing❖ Housing counseling for program participants

NSP Eligible Uses (cont)

Eligible Use	CDBG Eligible Activities
B. Purchase and rehabilitate <u>homes and residential properties</u> that have been <u>abandoned or foreclosed</u> upon, in order to sell, rent, or redevelop such homes and properties	<ul style="list-style-type: none">❖ Acquisition❖ Disposition❖ Relocation❖ Direct homeownership assistance❖ Eligible rehabilitation and preservation activities for homes and other residential properties❖ Housing counseling for program participants

NSP Eligible Uses (cont)

Eligible Use	CDBG Eligible Activities
D. Demolish <i><u>blighted</u> structures in combination with other activities</i>	❖ Clearance, for blighted structures only

- ❑ Must be blighted, defined in Action Plan
- ❑ Can be any type of unit or property
- ❑ Must meet a national objective based on re-use of site

NSP Eligible Uses (cont)

Eligible Use	CDBG Eligible Activities
E. Redevelop <i><u>demolished</u></i> or <i><u>vacant</u></i> properties	<ul style="list-style-type: none">❖ Acquisition❖ Disposition❖ Public facilities & improvements❖ Housing counseling public services (limited to purchasers/tenants of redeveloped properties)❖ Relocation❖ New housing construction❖ Direct homeownership assistance❖ 570.204 activities by CBDOs❖ Rehabilitation❖ Housing counseling for program participants

Ineligible NSP Uses

- ❖ If ineligible under CDBG, usually ineligible under NSP
 - New construction is exception
- ❖ Ineligible under NSP:
 - Foreclosure prevention
 - Demolition of non-blighted structures
 - Acquisition of property or structures that are not abandoned, foreclosed or vacant (eligible use E)

Ineligible NSP Uses (cont)

- ❖ Need to be careful when addressing tax or other foreclosed properties owned by grantee
- ❖ Cannot use NSP funds to reimburse grantee or ULG for its tax-foreclosed units
 - Can only pay for reasonable title transfer costs
 - Can pay for back taxes as part of acquisition cost *when foreclosed unit owned by private lender*

Targeting Areas of Greatest Need

- ❖ Funds are required to be distributed to areas of greatest need, specifically areas with:
 - Greatest percentage of home foreclosures;
 - Highest percentage of homes financed by a subprime mortgage related loan; and
 - Likely to face a significant rise in the rate of home foreclosures.
- ❖ A needs score was developed using available data by zip code & county (see Action Plan)
 - **The score will translate to priority points in application ranking** (more later)

National Objectives

- ❖ All NSP activities must not only be eligible, they must also meet a national objective
 - Defined differently than regular CDBG
 - Low/moderate/middle income (LMMI) = 120% of area median income (AMI)
 - “Slum/blight” and “urgent need” National Objectives not allowed

National Objectives (cont)

- ❖ Housing (LMMH): households \leq 120% of area median income
 - Used for all housing activities
 - Cannot use LMMA, LMMC for housing acquisition, rehabilitation, construction, homebuyer assistance etc
 - If single unit structure = must be occupied by LMMI person
 - If duplex = one unit must be LMMI

National Objectives (cont)

❖ Housing (LMMH) – cont.:

- If 3+ units = proportional share must be LMMI
 - Different than CDBG (which is 51%)
 - Example: If 10 unit total development cost = \$1,000,000 and NSP funds are \$400,000, must have 40% (4 units) occupied by LMMI, rest can be upper income
- For housing, must calculate & document household income using Section 8 (Part 5) definition & process (more later)

Low Income Targeting

- ❖ HERA requires that 25% of NSP funds used for activities that provide housing for households with incomes $\leq 50\%$ of area median income (VLI)
- ❖ What counts toward set aside:
 - Must meet LMMH national objective
 - Must be related to re-use of foreclosed/abandoned units for residential housing

Low Income Targeting (cont)

- ❖ Only “***permanent*** housing” counts toward targeting
 - Cannot count public facilities including shelters, group homes
- ❖ Applies for entire affordability period
 - Period defined in Action Plan (will discuss later)
 - Need to track VLI occupancy throughout affordability period (rental) OR use recapture approach (homebuyer)
- ❖ Calculated based on NSP expenditures not households

Purchase Price

- ❖ Purchase price of properties is capped
 - Must be purchased at “maximum reasonable discount” from current market value, which is minimum of 1% discount per property (as per Bridge Notice)
 - For single family properties, acquisition not allowed if value is in excess of Federal Housing Administration (FHA) limits, currently set at \$271,050

Appraisals

- ❖ Appraisal determines market value
 - Generally required for purchases of properties to demonstrate cost reasonableness
 - Exception for properties with anticipated value of $\leq \$25,000$
 - Must still do valuation based on available data by a qualified person
 - Consider as-is acquisition appraisal and post-rehab/construction based on plans/specs

Appraisals (cont)

- ❖ If appraisal required, must adhere to URA appraisal standards at 24.103 incl:
 - Fee appraiser must be state licensed or FIRREA certified
 - Must include: description of property; approaches to value; comparables; statement of value; date & signature
- ❖ Use procurement to select contracted appraisers
- ❖ Have to conduct within 60 days of final offer to purchase

Rehab/Construction Limits & Codes/Standards

- ❖ Rehab/construction limited to \$132,000/unit
 - \$158,400/unit for historic properties
- ❖ All NSP units must meet local code & occupancy standards
- ❖ If no local code, must meet the applicable International Code Council (ICC) codes/standards
- ❖ Must meet ADFA Minimum Design Standards & HOME Program General Specifications/Performance Manual
- ❖ Encouraged to incorporate energy efficiency & green building to extent possible
 - HOME guidance available on ADFA's website

Sale Price Cap to Homebuyers

- ❖ NSP requires that the sales price of NSP assisted homes to homebuyers cannot exceed the cost
 - “Cost” = acquisition + rehab + project delivery costs
 - Cannot include maintenance/holding costs in sales price
 - Need to have buyers that are “mortgage ready”

Homebuyer Readiness

- ❖ NSP requires that homebuyer receive at least 8 hours of housing counseling from HUD approved counseling agency/counselor
 - Waiver must be submitted if none available in area
- ❖ Participants should need to be “mortgage ready” or “near ready” because timing on NSP does not allow for long term credit clean-up

Direct Homebuyer Assistance

- ❖ NSP/CDBG caps down payment assistance at 50% of the lender-required down payment
 - Closing costs can be paid 100%
 - Principal or interest write down in the form of a soft 2nd is allowable
 - Acquiring for up-front private mortgage insurance (PMI) OK
- ❖ Total of all direct assistance cannot exceed 20% of the sales price or \$25,000, whichever is less
 - Interest rate buy down of .250 basis points not included in cap

Homebuyer Affordability Period

Per Unit NSP \$	Min. Affordability Period
<\$15,000	5 years
\$15,000 - \$40,000	10 years
>\$40,000	15 years

- Homebuyer assistance will be forgivable loan at 0%
- If homebuyer sells or transfer the property within the affordability period, unforgiven portion of direct subsidy must be repaid

Recapture (cont)

- ❖ Affordability period based on “total amount subject to recapture”
- ❖ Total subject to recapture is direct homebuyer subsidy:
 - Assistance provided to buyer: down payment, closing costs, subsidized loan (write down)
 - *Amount between market value and sales price of home may also be subject to recapture (HUD decision pending)*
- ❖ Does not include NSP amounts to subsidize development when that cost exceeds market value (known as development subsidy)

Rental Affordability Period

Per Unit NSP \$	Min. Affordability Period
Under \$15,000	5 years
\$15,000 – 40,000	10 years
Over \$40,000	15 years
New construction or acquisition of newly constructed housing	20 years

Rental Affordability Period

- ❖ Units must be rented at “affordable rents” for the affordability period
 - Tenant households with incomes < 50% of the AMI: Low HOME Rent Limits
 - Tenant households with incomes between 50 and 60% of AMI: High HOME Rent Limits
 - Tenant households with incomes between 60 – 120% of AMI: HUD Fair Market Rent (FMR) Limits
- ❖ Published annually and posted on ADFA’s web site

Rental Affordability Period

- ❖ Owners/managers must document that household income of NSP units <120% AMI (or 50% if VLI targeting applies)
 - At initial occupancy AND
 - When unit turns over during affordability period
- ❖ Maintain property to applicable codes/standards
- ❖ Enforced through deed restrictions, etc.



Other Federal Requirements

Other Federal Requirements

- ❖ NSP/CDBG requires that a number of other Federal (sometimes called “cross cutting”) requirements
- ❖ We will review some of the major requirements, but this is not intended to provide a full review
- ❖ Refer to the ADFA NSP Operating Manual, CDBG regulations & other sources for detailed information

Environmental Review

- ❖ Environmental review requirements apply to NSP
- ❖ Participants may not commit or expend HUD funds prior to receiving ADFA approval if activity would have adverse environmental impact or limit choice of reasonable alternatives
 - “Participant” includes public or private nonprofit or for-profit entities or their contractors
 - Can execute options for properties IF the option contains certain language RE: environmental & only nominal amount paid
 - CANNOT execute sales contracts until enviro complete

Environmental Review

- ❖ Local governments have to take on the role of responsible entity (RE) under Part 58
 - Conduct environmental review
 - Recommend doing tiered, geographic aggregated review with site specific checklists when sites IDd
 - Must request release of funds (RROF) from ADFA
- ❖ ADFA will have to complete the environmental review process for nonprofits

Acquisition & Relocation

- ❖ Section 104(d) One for One Unit Replacement waived
 - Section 104(d) relocation rules NOT waived
 - NOTE: If NSP is combined with HOME or CDBG, the 1 for 1 rules may apply
- ❖ Uniform Relocation Act (URA) and additional tenant protections apply to NSP

URA (cont)

- ❖ Voluntary acquisitions (even from bank, court etc) are covered by URA
 - Must provide voluntary acquisition notice
 - Be careful about involuntary purchases
- ❖ Three different types of voluntary sale:
 - Grantee has eminent domain powers but won't use
 - Grantee doesn't have eminent domain powers
 - Purchases from government agency where buyer does not have eminent domain powers over that agency

URA (cont)

❖ **Must notify the seller:**

- Grantee will not use (or does not have) power of eminent domain
- Owner-occupant not eligible to receive relocation assistance
- Estimate of fair market value
 - Appraisal required anyway if acquiring foreclosed unit worth > \$25k

URA (cont)

- ❖ If properties occupied (or vacated for NSP Project), URA relocation rules apply
 - Must determine occupant's status & URA entitlement
 - Lawful occupant entitled to:
 - Notices
 - If displaced, advisory services, moving costs, and replacement housing assistance
 - If not displaced, temporary moving assistance, if applicable

- ❖ If awardee allows new tenants to occupy, provide “move-in” notices

NSP Tenant Protections

- ❖ ARRA included noticing requirements for “bona fide” tenants in occupancy when unit acquired by initial successor in interest through foreclosure (usually lender) effective 2/17/09
 - “Bona fide” tenant:
 - Not former mortgagor;
 - Lease is arms length transaction; and
 - Lease requires rent that is not substantially less than fair market rent for property

NSP Tenant Protections

- ❖ Lender must provide 90 day notice to vacate to “bona fide” tenant occupants
 - NSP funds cannot be used in any property unless lender followed notice rule OR grantee assumes NSP tenant protection obligations
 - May also trigger relocation assistance to displaced persons under URA
 - Grantee must document lender compliance
 - If tenant in property, must have 90 day notice
 - If no tenant, lender must certify no bona fide tenant displaced
 - If tenant has Section 8 assistance, lender must agree to continue lease & HAP contract

Davis Bacon Labor Standards

- ❖ Davis Bacon & related labor standards may apply if triggered if 8 or more units per property and construction work (incl. rehab) is financed with NSP \$
 - For homeowner units in co-op or condo with 8+ units, only applies to assisted units
 - For rental projects with 8+ units, construction for whole property is covered

Davis Bacon (cont)

- ❖ All bid solicitations & contracts subject to Davis-Bacon must contain standard clauses & applicable DB wage decision
- ❖ May wish hold a preconstruction conference to review requirements with contractor (not required)
- ❖ Prime or general contractor is responsible for full compliance, including lower tier subs
- ❖ NSP awardee enforces requirements & provides information to contractor & state

Other Labor Laws

- ❖ Other possible labor laws that may apply:
 - Contract Work Hours & Safety Standards Act: workers shall not work more than 40 hours/week unless they get overtime & projects must comply with safety standards
 - Copeland Anti-Kickback Act: requires payment once a week & only permissible payroll deductions
 - Fair Labor Standards Act: Federal minimum wage & overtime requirements

Lead Based Paint

- ❖ Applies to sale, rental or rehab of pre-1978 units
- ❖ All transactions require:
 - Disclosure notice with signed receipt
 - Pamphlet “Protect Your Family From Lead in Your Home”
 - Visual inspection for deteriorated paint
- ❖ If paint deteriorated, must be stabilized using safe work practices – clearance must be obtained
- ❖ Certain types of rehab work exempt:
 - Properties tested & found not to have lead
 - Properties where lead has been removed
 - Rehab won't disturb paint surfaces

Lead Based Paint (cont)

- ❖ Lead evaluation and treatment depends on *level of assistance* which is lower of:
 - Per unit rehabilitation hard costs (all funds) OR
 - Per unit federal assistance
- ❖ Evaluation activity depends on level of assistance:
 - Less than \$5,000 = Paint testing
 - \$5,000 to \$25,000 = Risk assessment
 - More than \$25,000 = Risk assessment
- ❖ Notification:
 - Notice of Lead Hazard Evaluation to homeowner within 15 days of inspection
 - Alternatively, can presume presence of lead & provide “Notice of Presumption”

Lead Based Paint (cont)

- ❖ How to address lead depends upon amount of assistance:
 - <\$5k = repair surfaces to be disturbed using safe work practices
 - \$5k - \$25k = interim controls using safe work practices & trained workers
 - >\$25k = abatement using safe work practices & certified supervisor & workers
- ❖ Clearance must also be performed
 - Do NOT pay final payment to contractor before unit has passed clearance
 - Provide Notice of Lead Hazard Reduction to property owner within 15 days of clearance test

Fair Housing & Equal Opportunity

- ❖ Must comply with applicable non-discrimination & equal opportunity laws including:
 - Affirmatively further fair housing
 - Affirmative marketing plan when 5+ assisted units
- ❖ Comply with Section 504 regarding handicapped access
 - New construction of multi family (5+ units) & substantial rehab (of 15 or more units)
 - 5% for mobility impaired & 2% for hearing/visual impaired
- ❖ Comply with Section 3 regarding employment & contracting for low income persons

Procurement

- ❖ ULGs and subrecipients must comply with Federal requirements at 24 CFR Part 85/84 or more stringent state/local requirements for purchase of goods/services
 - Designed to achieve maximum open and free competition
 - Required to adopt written procurement procedures
- ❖ Also must adhere to Section 3, M/WBE requirements
- ❖ Keep documentation

Conflict of Interest

- ❖ Conflict of interest prohibited in procurement of goods & services, determining of beneficiaries
- ❖ Persons covered may not gain financial benefit/interest
- ❖ Persons covered includes:
 - Employee, agent, consultant, officer, elected official, appointed official
 - Grantee or subrecipient
 - Themselves or family/business ties

Ineligible Parties

- ❖ Subrecipients, developers, contractors, subcontractors, etc. must be eligible to participate in Federal programs
- ❖ Those listed as debarred or suspended on the Excluded Parties List System (EPLS) may not participate
 - Applicants should check prior to submittal of application



Implementation & Compliance

Eligible Costs

- ❖ Direct project costs allowed include:
 - Land or property development (for eligible sites)
 - Site preparation
 - Acquisition
 - Labor
 - Materials
 - Costs to achieve energy efficiency, address lead paint & provide handicapped accessibility
 - Reasonable developer fee
 - Buyer purchase assistance (DPA limited to 50% of lender required down payment) & closing costs

Eligible Costs (cont)

- ❖ Project delivery costs:
 - Costs directly related to delivering the assisted projects
 - Examples: inspections, work write-ups, appraisals, homebuyer selection, environmental review, etc.
 - Can pay delivery costs as part of eligible program/project -- **not an admin cost**

Eligible Costs (cont)

- ❖ Subrecipients may apply for admin costs
- ❖ Admin costs are an organization's costs associated with overall administration of a NSP program
 - Must have tie to NSP
 - Examples: oversight, NSP budgeting, reporting, public info, etc.
- ❖ Capped at 10% of NSP award
 - Project delivery costs NOT included in cap

Compliance Responsibilities

- ❖ Recipients of NSP funds responsible for compliance with all applicable requirements incl:
 - Conduct environmental (if RE)
 - Conduct procurement for goods/services (if subrecipient)
 - ID & negotiate purchase of properties
 - Possibly deal with relocation as per URA & ARRA
 - Outreach, qualify & counsel potential buyers
 - Determine work needed and perform construction/rehab oversight (incl. LBP)
 - Handle labor standards compliance if triggered
 - Ensure effective financial management & audit
 - Track & report activities

Financial Mgmt

- ❖ Applicable requirements:
 - 24 CFR Part 570: CDBG Regs
 - OMB Circular A-87: Allowable costs
 - OMB Circular A-133: Audits
 - Provisions of 24 Part 85 (local governments) or Part 84 (nonprofit subrecipients): Administrative requirements

Financial Mgmt

- ❖ Requirements pertain to:
 - Accounting systems & internal controls
 - Allowability & allocability of costs
 - Audits
 - Program income
- ❖ All costs must be eligible
 - For a NSP eligible use & CDBG eligible activity
 - In accordance with CDBG and OMB Circulars
 - Adhere to procurement when applicable
 - Have source documentation to justify

Housing Beneficiary Income Determination

- ❖ Housing is a “direct benefit” activity so have to calculate & document that household income is <120% AMI
- ❖ For homebuyers, determine prior to provision of assistance (closing)
- ❖ For renters, at initial occupancy & at unit turnover during the affordability period

Income Determination

- ❖ Must document that each household meets income eligibility requirements
 - Section 8 definition of income must be used
 - Section 8 regulations in 24 CFR Part 5
- ❖ Definition means gross amount of income for *all adult household members anticipated to be received in coming 12 months*

Income Determination (cont)

- ❖ Income determination steps:
 1. Ask questions of household regarding income sources & assets
 2. Gather appropriate documentation
 3. Calculate total household income
 4. Compare to HUD income limits for area
 5. Place documentation in files
- ❖ Use the Income Calculator on HUD's website!

Program Income

- ❖ All NSP program income must be remitted to state
- ❖ Program income includes:
 - Proceeds from the sale/lease of property acquired, rehabbed, redeveloped with NSP
 - Principal and interest on NSP loans
 - Recapture of funds as per recapture provisions recorded on assisted homes

Program Income (cont)

- ❖ PI is earned in perpetuity
 - Number of revolutions does not matter
 - Date of receipt does not matter
 - Document receipt of PI
- ❖ **ALL PI must be returned to the state**
- ❖ State must use PI prior to draw new funds
 - Counts PI committed or spent toward obligation & spending deadlines

Record Keeping & Reporting

- ❖ NSP awardees will be expected to maintain all required records to document compliance and appropriate use of funds
- ❖ NSP uses Disaster Recovery Grant Reporting (DRGR) rather than IDIS, which requires:
 - Monthly reporting on obligations
 - Quarterly reporting required by recipients to DLG within 30 days of quarter end
- ❖ Awaiting guidance from HUD on contents of report & will provide guidance at a later date

Monitoring & Close-Out

- ❖ ADFA required to monitor projects to ensure:
 - Approved activities carried out in a timely manner
 - Activities conducted in compliance with NSP objectives & requirements
 - On-going affordability requirements met
- ❖ Monitoring can be carried out by reviewing reports (desk review) as well as on-site inspections & review
- ❖ Close-out completes NSP process with state recipients & helps verify NSP funds properly spent
- ❖ Triggered when state recipient has spent 100% of its NSP funds and project is complete



NSP Application Overview

NSP Applications

- ❖ Application timeline:
 - Applications available on ADFA web site next week
 - Due by September 1, 2009
 - Funding decisions by November 19, 2009
 - Grant agreements by December 31, 2009
- ❖ ADFA adapted its current HOME single family and multi family applications for NSP
 - Use single family for homebuyer activities
 - Use multi family for any rental projects, even if scattered site single family properties

Who is Eligible to Apply?

- ❖ All types of entities eligible
 - Units of local government, including CDBG entitlement jurisdictions
 - Nonprofit organizations
 - For-profit entities
- ❖ Keep in mind requirements that apply to subrecipients
- ❖ Will need to ID housing counseling partner

Application Information

- ❖ Applications must be for a minimum of 5 units
- ❖ No max on allocation to any 1 entity
- ❖ Strongly encouraged to provide some units for VLI households (< 50% AMI)
- ❖ Encouraged to incorporate energy efficiency & green building
- ❖ **KEY ISSUE IS ABILITY TO MEET ALL PROGRAM REQUIREMENTS ON THE TIGHT TIMELINE FOR NSP**

Scoring Criteria

- ❖ Need: 25 points (see next slide & handout)
 - NSP requires that funds to go “areas of greatest need”
 - ADFA using available data as outlined in Action Plan Amendment submitted to HUD

<i>Priority Areas (LISC Needs Scores by Zip Code)</i>	<i>Priority Pts.</i>
Level 1: Zip code areas w/ INF score ≥ 10	15
Level 2: Zip code areas w/ INF score ≥ 3 but ≤ 9.9	10
Level 3: Zip code areas w/ INF score ≥ 1 but ≤ 2.9	5
<i>Priority County</i>	
1,000+ foreclosures (Benton, Pulaski & Washington)	10
500 – 999 foreclosures (Craighead, Garland, Saline & Sebastian)	7
300 – 499 foreclosures (Boone, Crawford, Crittenden, Faulkner, Jefferson, Lonoke, Mississippi & White)	5

Scoring Criteria (cont)

- ❖ Capacity: 25 points
 - Experience & credentials of team working in similar affordable housing programs/projects
- ❖ Financing: 20 points
 - Financial commitments to the plan/program/project
- ❖ Quality of Plan: 10 points
 - Overall feasibility & extent to which need will be addressed
- ❖ Ultimate Neighborhood Stabilization Goals: 10 points
 - Level of expected production & outcomes towards neighborhood stabilization
- ❖ Time of Performance: 10 points
 - Project readiness & ability to meet NSP timeframes

Application Components

- ❖ Applicant Information
 - All team members
 - Include evidence of experience with similar programs
- ❖ Site Information:
 - Status of property (foreclosed, abandoned, blighted or vacant)
 - Options for properties required
 - Nominal amount but must include environmental language & voluntary acquisition notice
- ❖ Financial commitments, budgets, etc.
- ❖ Targeted income levels
 - ADFA has to use 25% of allocation for 50% VLI households

Other Application Info.

- ❖ Remember NSP eligible uses, rules & various limits on assistance
- ❖ ADFA staff available for technical assistance
 - Call or email to set up appointment
- ❖ ADFA may request additional information once app submitted
 - Have 30 days to respond
- ❖ For more information, see:
 - www.arkansas.gov/adfa
 - www.hud.gov/nsp



Thanks for Coming!
